Digital Progress and Trends Report 2023
East Asia and Pacific Digest
...and special focus on digital identity

October 2024

WORLD BANK GROUP
Digital Development

The World Bank has launched a new biennial report: Digital Progress and Trends Report

- Digital Adoption
- The Digital Sector
- Digital Infrastructure
- Digital Public Infrastructure
- Artificial Intelligence

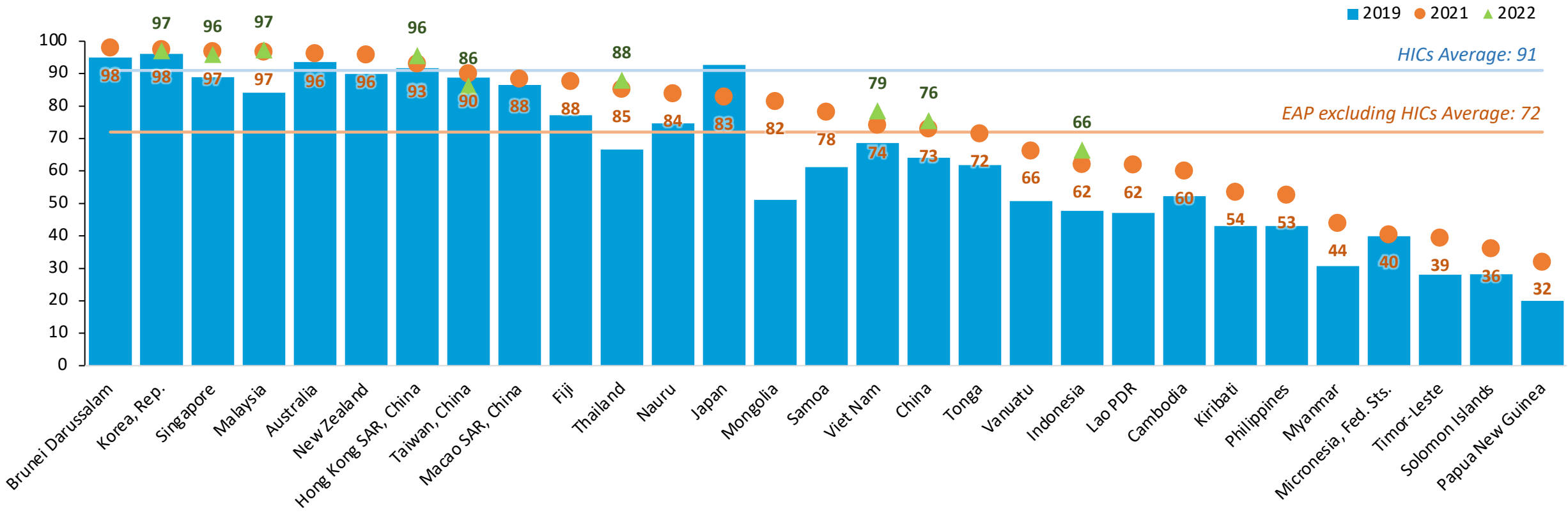
Key findings for the EAP region

Digital Adoption	• 72% of population in EAP (excluding HICs) used the internet in 2022, with 14 percentage point increase since 2019, but Myanmar (44%), Solomon Islands (36%), and Papua New Guinea (32%) lag in internet usage. • Median data traffic per capita in EAP nearly quadrupled from 2019 2022 as the pandemic turbocharged the vibrant digital economy in the region. Mobile broadband traffic in EAP has nearly caught up with HICs. • The share of firms investing in digital solutions in EAP quadrupled from 13% in 2020 to 54% in 2022, well above all other developing regions.
Digital Sector	• Value added and employment in IT services sector in EAP grew by 9.4% and 8.5% respectively during 2015-2022, outpacing global growth of 8%. ICT services exports nearly tripled from 2015-2022, surpassing all other regions. • Digital startups in EAP received billions of venture capital investment during 2020-22. Indonesia secured $11 billion investment, surpassing Japan as the 4th largest recipient. • Vietnam experienced sizzling annual growth in value added (27.5%) and employment (15%) in the ICT manufacturing sector, becoming a clear winner in GVC diversification.
Digital Infrastructure	• Mobile broadband penetration was above 90 in most EAP economies but only 70 in the Philippines. While fixed broadband penetration was between 30-50 in HICs and China, it was below 5 in Myanmar, Cambodia and Indonesia . • Internet speeds hover around 20 Mbps in Lao PDR, Indonesia, Cambodia, Myanmar and Fiji, underscoring the need to upgrade broadband infrastructure. • EAP region (excluding HICs) accounted for 27 % of global population, 21 % of GDP, and 14 % of data center capacity in 2022. China alone accounts for 80% of data capacity in EAP.
Digital Public Infrastructure	• Nearly 40% of population in Lao PDR and Papua New Guinea lack any formal ID. Many pacific islands, Cambodia, Myanmar also have >10% people without ID. • Most EAP nations, except for HICs, Mongolia and China, have yet to fully implement an online digital ID. • Gaps remain in digital payment systems in the Philippines, Myanmar, Indonesia, Cambodia, and Lao PDR, where less than 50% and 20% adults shop online and make digital merchant payments, respectively.

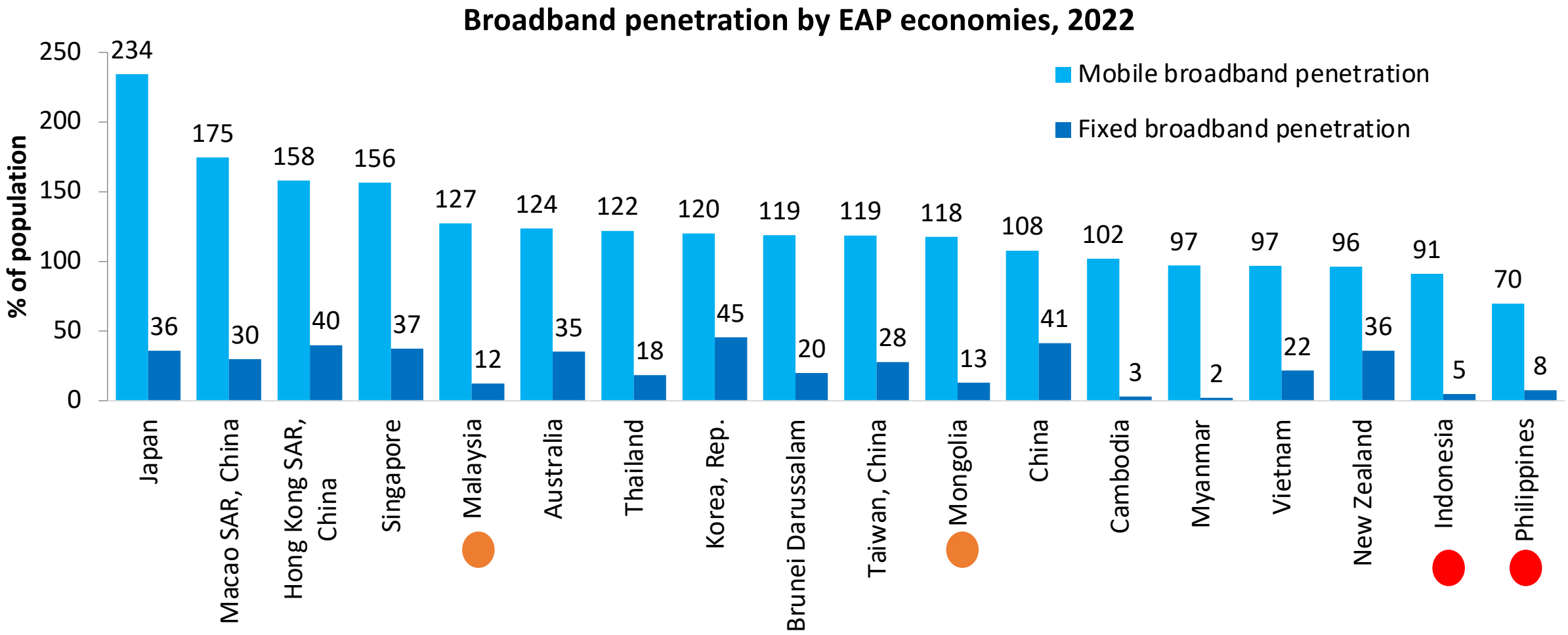
Digital Adoption: 72% of people are online, but Myanmar, Solomon Islands, and Papua New Guinea lag with less than half of population using the internet.

- Surge in internet users by 14% from 2019 to 2022, with 72% people online in EAP region in 2022 excluding high-income economies.
- Globally, 91% of population in HICs were online in 2022, followed by 84% in ECA, 77% in LAC, and 73% in MENA.
- Marked disparities within EAP, with usage below 50% in Myanmar, Micronesia, Timor-Leste, Solomon Islands, and Papua New Guinea.

% population using the internet, 2019 vs. 2022



Digital Adoption: Mobile broadband penetration is nearly ubiquitous in EAP except for in the Philippines. Major gaps in fixed broadband penetration in EAP MICs, especially Myanmar, Cambodia, Indonesia and the Philippines.

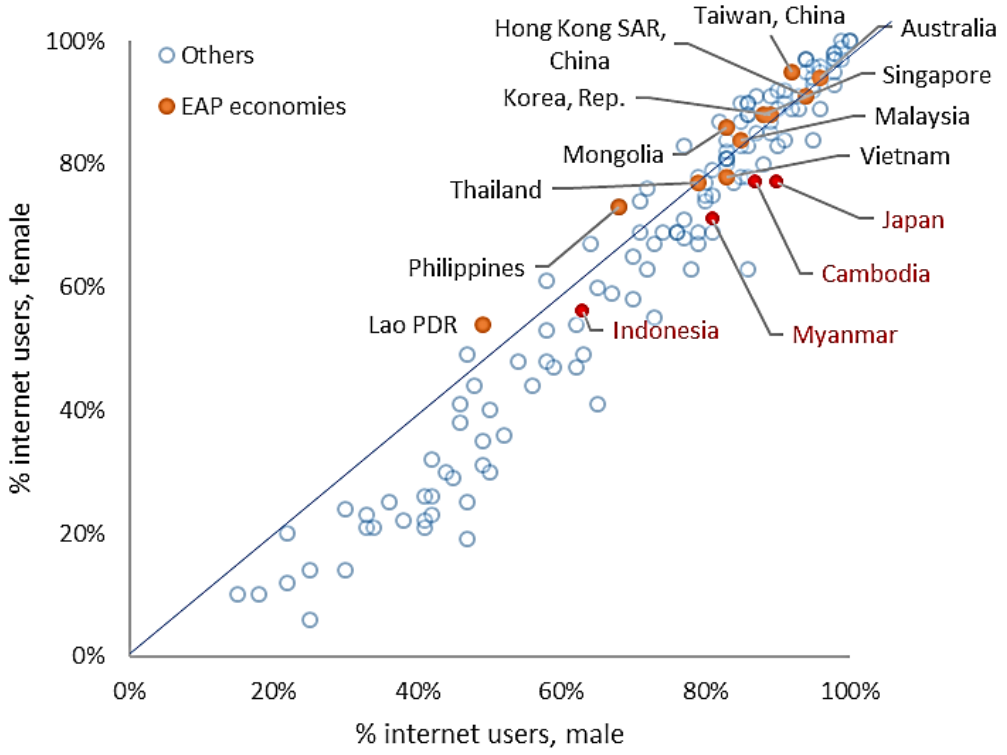


Note: Broadband penetration, measured as number of subscriptions per 100 people, may exceed 100 due to multiple SIM cards or phones per person and temporary subscriptions.

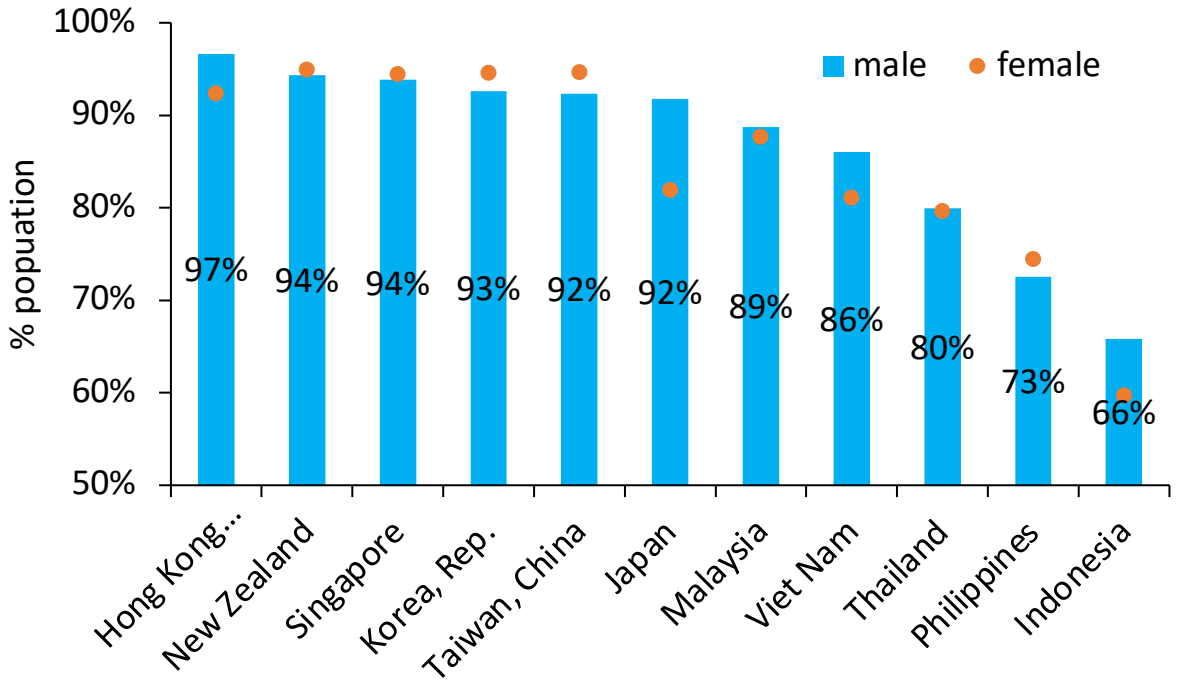
Digital Adoption: Gender gaps in internet usage and digital device ownership remain in Japan, Cambodia, Myanmar, and Indonesia.

- Gender gaps in internet usage vary, with women trailing men by 7-13 percentage points in countries like Japan, Cambodia, Myanmar, and Indonesia.
- In terms of digital device ownership, there is a more balanced distribution between men and women in several middle-income countries. However, non-negligible gender gaps exist in Vietnam (5 percentage points) and Indonesia (6 percentage points).
- Only 73% people in the Philippines and around 60% of people in Indonesia own a smartphone or desktop computer.

Percentage of internet users by gender

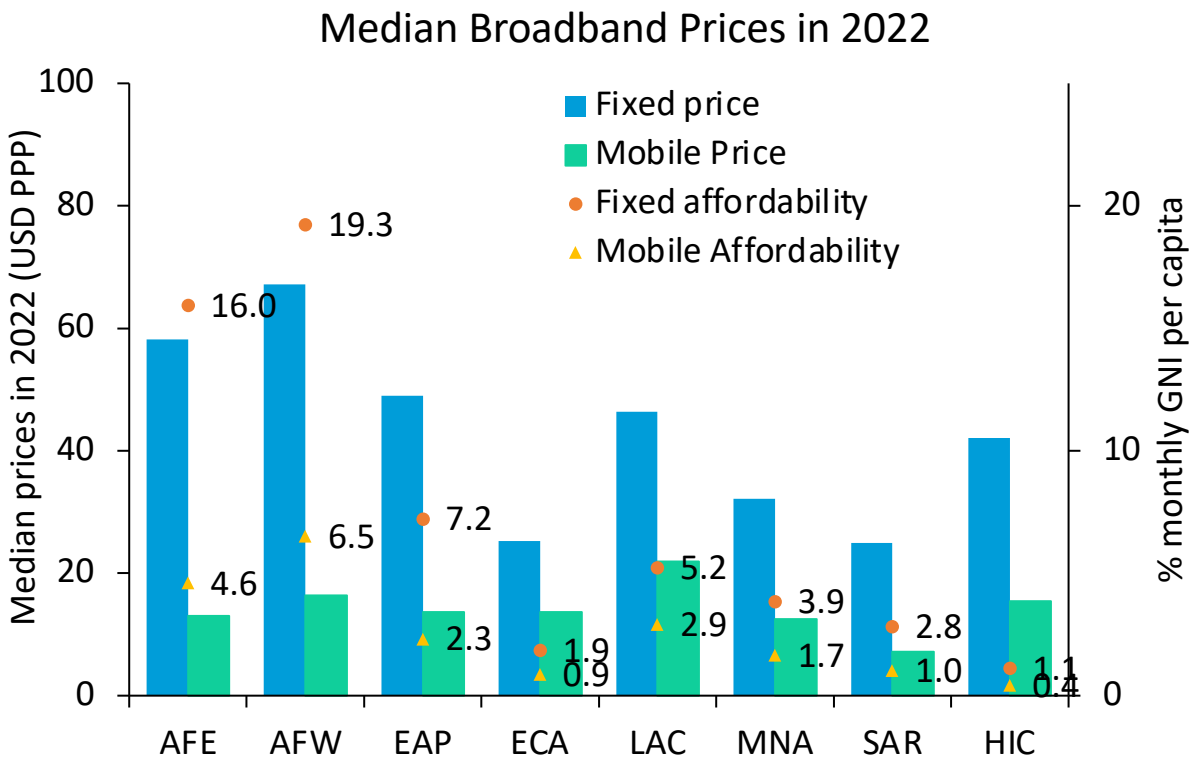


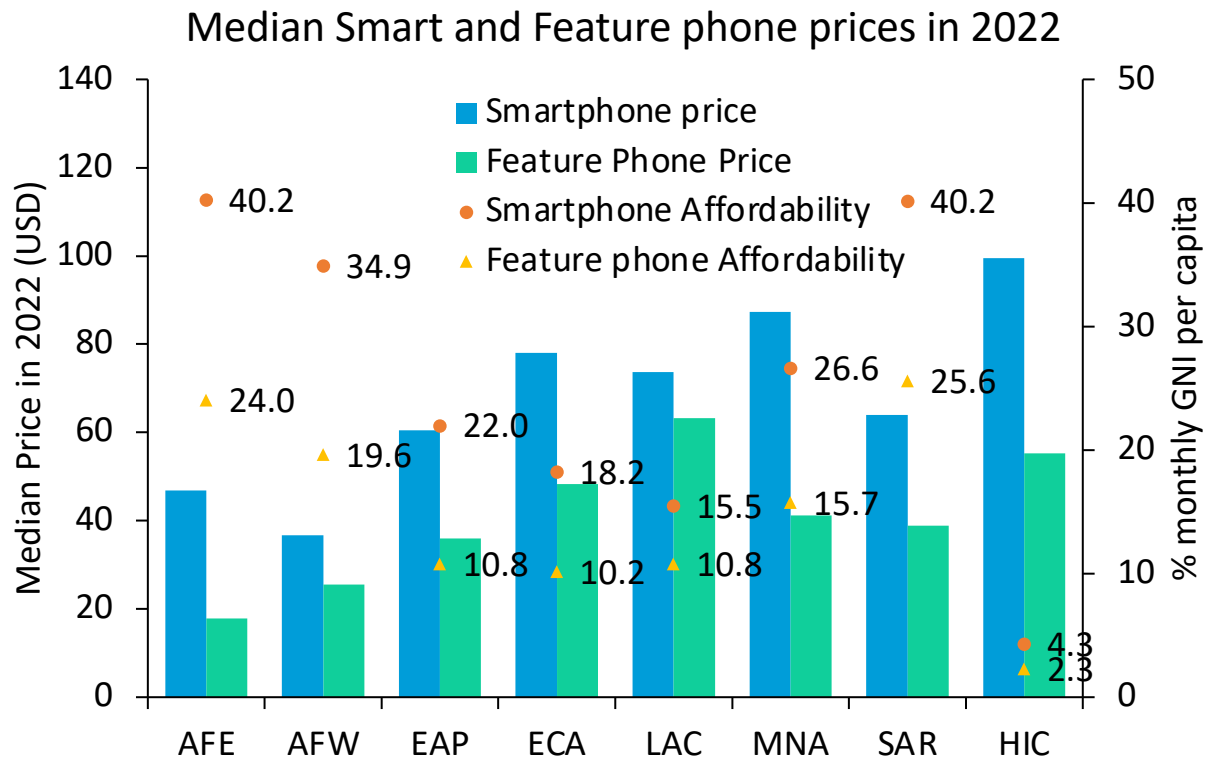
Percentage of individuals owning a smart phone or a desktop by gender



Digital Adoption: Enhancing fixed broadband affordability in the EAP region is critical as costs stay elevated relative to other regions

- Fixed broadband affordability is a major issue, with a regional median of 7.2% of monthly GNI per capita, only slightly better than in AFE and AFW regions.
- Mobile broadband is more affordable at 2.3% of monthly GNI per capita, but still exceeds the cost relative to income compared to HICs and regions like ECA (0.9%) and SAR (1.0%), despite cheaper mobile rates in Vietnam (0.4%) and Malaysia (0.3%).
- Notable disparities in smartphone affordability, with Mongolia and Cambodia having high costs, signaling the need for targeted affordability interventions.





Note: Region names in the figures refer to low- and middle-income economies in the region. All high-income economies are included in group "HIC".

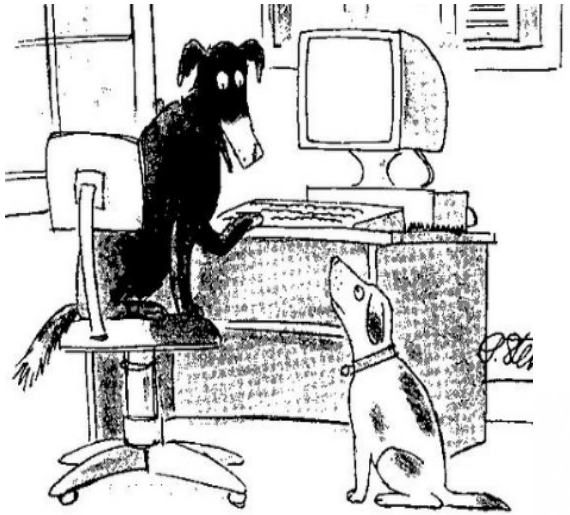
Special focus on digital identity

What is digital identity?

Digital identity is the ability for a person to <u>securely</u> prove who they <u>officially</u> are <u>online</u>

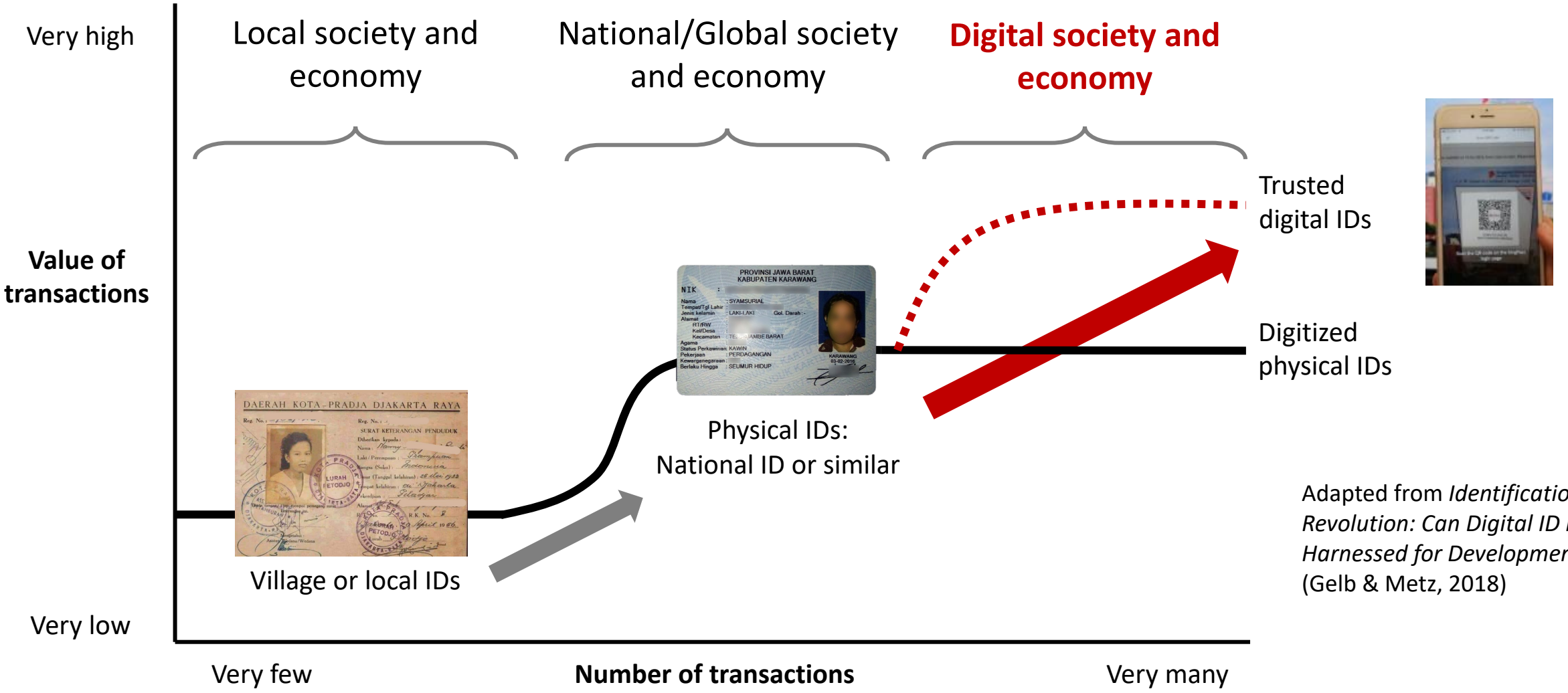
Physical documents helped establish **trust** for in-person transactions.

…but are not secure and fit-for-purpose for remote transactions.



"On the Internet, nobody knows you're a dog."

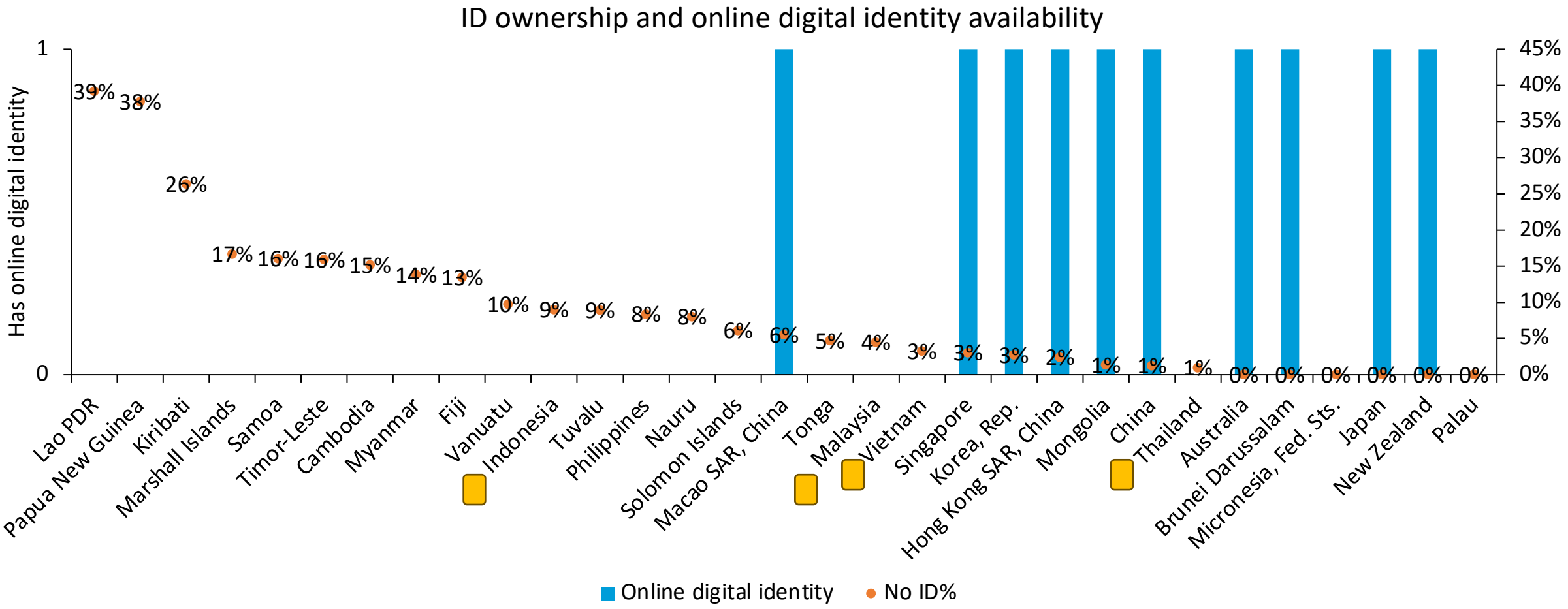
Identification is a topic that reflects the evolution of societies and economies



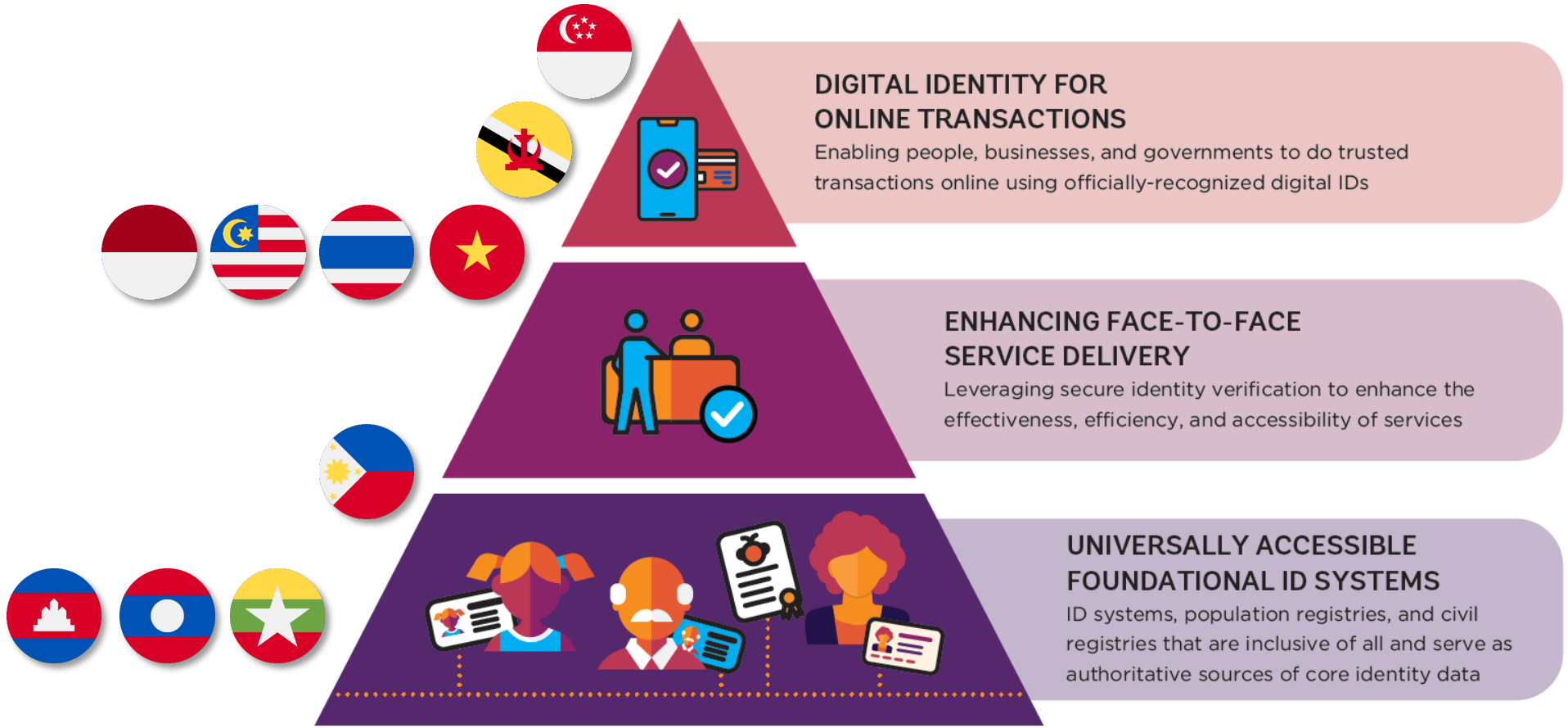
Adapted from *Identification Revolution: Can Digital ID be Harnessed for Development?* (Gelb & Metz, 2018)

Nearly 40% of population in Lao PDR and Papua New Guinea lack any formal ID. Most EAP nations, except for HICs, Mongolia and China, have yet to fully implement an online digital ID.

- Globally, 860 million people lack any form of official ID. Nearly 76 million of them are in EAP, representing 3% of the total population in EAP.
- Nearly 40% of population in Lao PDR and Papua New Guinea lack any formal ID. Many pacific islands, Cambodia, Myanmar also have >10% people without ID.
- Most EAP nations, except for HICs, China, and Mongolia, have yet to implement an online digital identity system.



There is considerable momentum in ASEAN to develop digital identity systems



The World Bank is supporting Indonesia to build an inclusive and safe digital identity ecosystem

Objective: Strengthen population and civil registration and introduce digital identification to **improve delivery and accessibility of public and private sector services for all Indonesians**

Ditjen Kependudukan dan Pencatatan Sipil
KEMENDAGRI

2023-2027

US$250mn

Components

Component 1 - $75.2mn
Population and civil registration

Component 2 - $107.7mn
ICT Infrastructure, digital ID & e-KYC

Component 3 - $41.7mn
Integration into service delivery

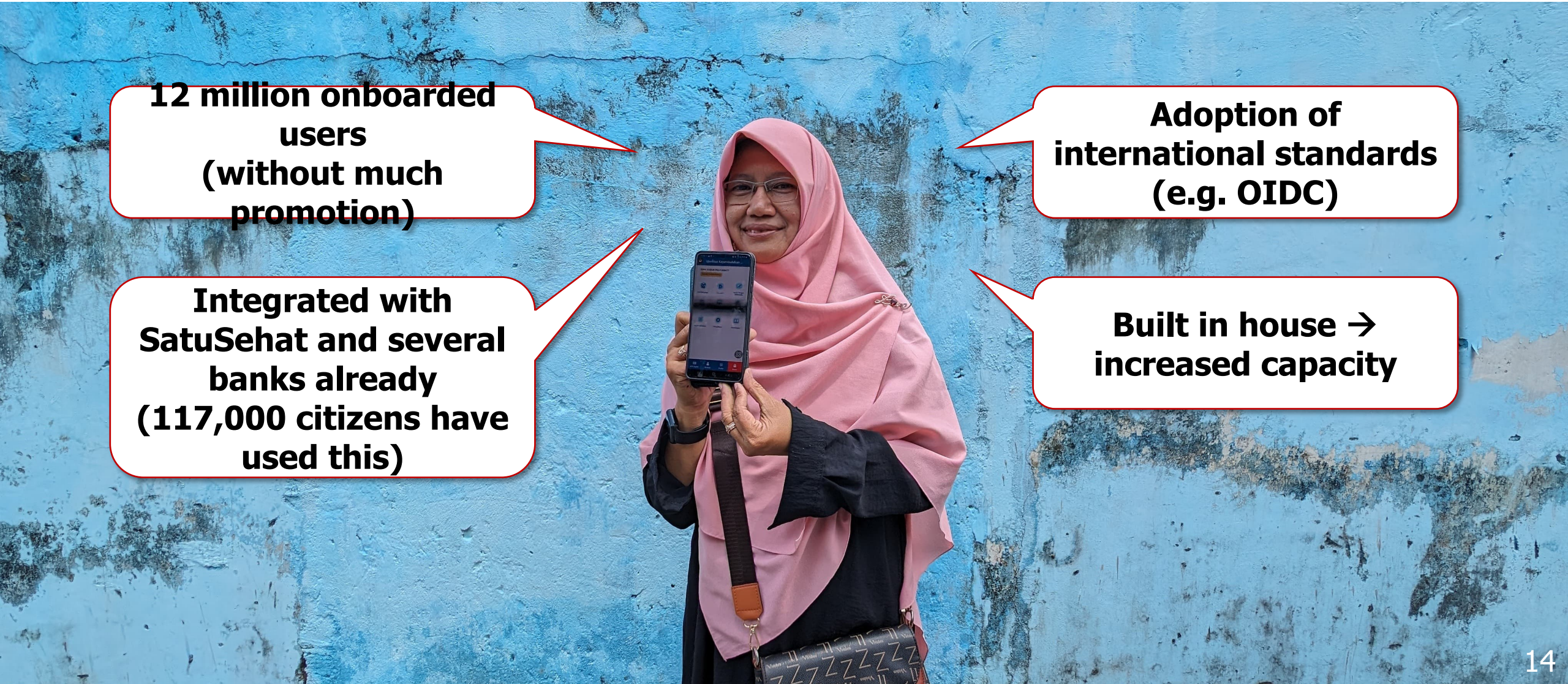
Component 4 - $15.3mn
Institutional & human capacity + Legal

Component 5- $10mn
Project management and coordination

Outputs

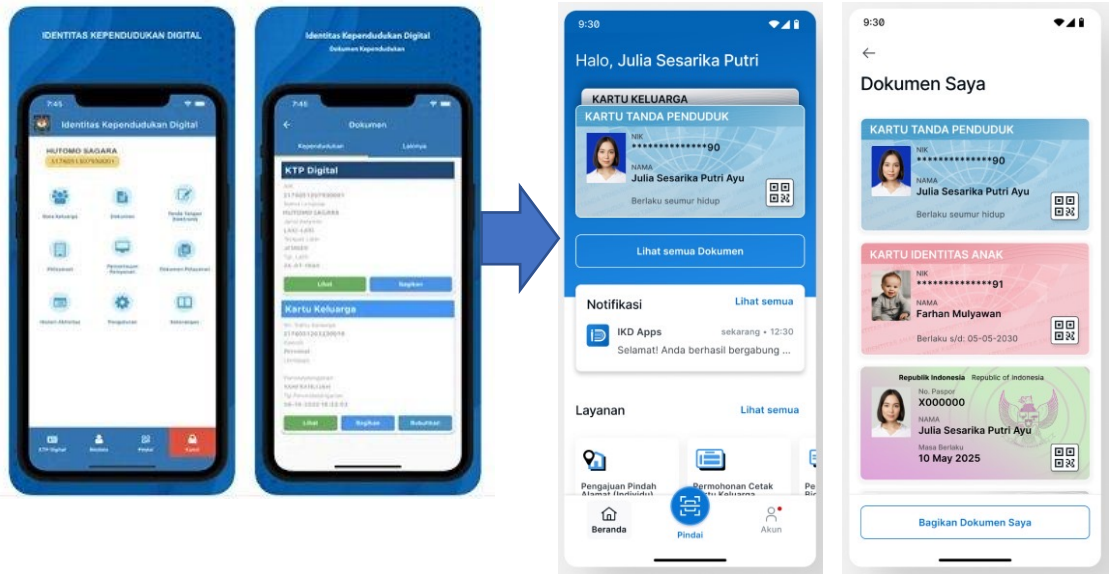
- **Universal PR/CR** — **12 million new NIKs**
- **Automated processes**
- **New Digital ID app (SSO, wallet & data sharing) and framework** — **25mn signed in online**
- **Data centers and cloud**
- **Cybersecurity and data protection**
- **e-KYC platform** — **50mn new bank accounts**
- **Data exchange platform**

Already considerable progress is being made

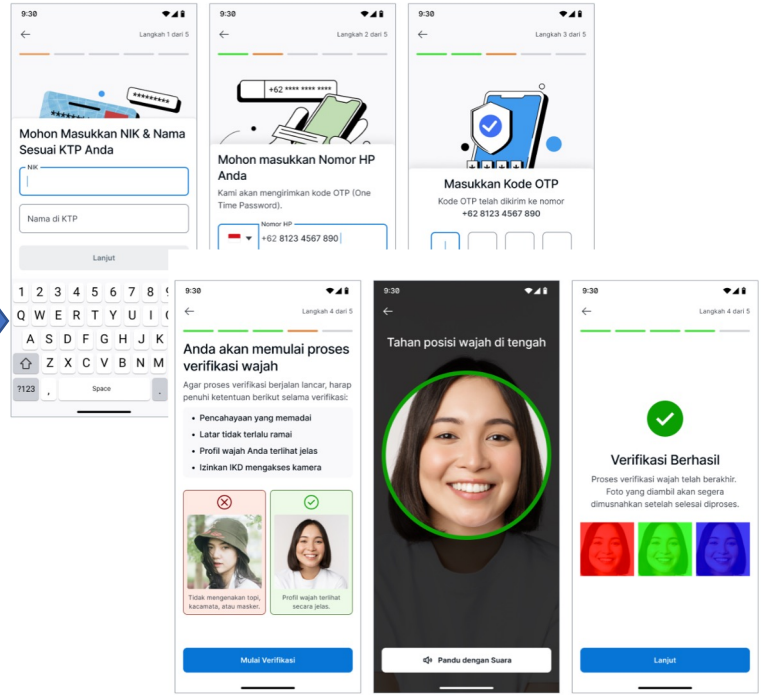


Improvements to come in the near future

Improved user interface and rebranding as INA Pas



Remote onboarding (in addition to physical onboardin



Scan the QR code to download the report and see more details for your region in Interactive Charts

Report Website:
https://www.worldbank.org/en/publication/digital-progress-and-trends-report

Immersive Story:
https://www.worldbank.org/en/news/immersive-story/2024/03/05/global-digitalization-in-10-charts

Interactive Charts:
Digital Adoption
https://www.worldbank.org/en/data/interactive/2024/03/04/digital-progress-and-trends-report-interactive-charts

Digital Sector Development
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